

Message Text

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ORIGIN OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 L-02 COME-00 INR-05 TRSE-00

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FM SECSTATE WASHDC

TO AMEMBASSY GEORGETOWN NIACT IMMEDIATE

C O N F I D E N T I A L STATE 268585

E.O. 11652: GDS

TAGS: EINV, GY, EMIN

SUBJECT: REYNOLDS

PASS TO HUNT

1. HERE ARE ANSWERS TO QUESTIONS ASKED BY HUNT IN TELEPHONE
CONVERSATION WITH GILBERT ON THURSDAY.

A. NET ESCALATED BOOK VALUE OF PLANT, PROPERTY AND EQUIPMENT
ON RICHMOND BOOKS FURNISHED HUNT BY RENOLDS IN SEPTEMBER WAS
\$13.855 MILLION. THE SAME CALCULATION GIVEN GOLDBERG IN NOVEMBER
WAS \$15.460 MILLION. ACCORDING TO GALEA THE REASON FOR THE
DIFFERENCE IS THAT SEPTEMBER CALCULATION WAS AN ESTIMATE BASED ON
SEVERAL DIFFERENT INDICES. FOLLOWING SEPTEMBER VISIT REYNOLDS
SOUGHT ACTUAL QUOTATIONS FROM MANUFACTURER FOR MAJOR PIECES OF
EQUIPMENT, AND NOVEMBER CALCULATION WAS BASED ON THESE QUOTATIONS.

B. DEFERRED STRIPPING AND GEOLOGICAL EXPENSES ARE CARRIED
AS ASSETS BECAUSE OF GUYANESE TAX LAW WHICH PROVIDES THAT THESE
EXPENSES RELATE TO MORE THAN ORE SHIPPED IN YEAR EXPENSE INCURRED
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AND MAY NOT BE WRITTEN OFF IN YEAR INCURRED. TAX LAW PROVIDES

THAT GEOLOGICAL EXPENSE IS AMORTIZED OVER TWENTY (20) YEARS.
STRIPPING CHARGES ARE AMORTIZED BASED ON COMPLICATED TAX LAW
FORMULA. KISSINGER

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